Distr.
GENERAL

TD/B/SR.475
1 September 1977

ENGLISH
Original: French

United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Seventeenth Session (First Part)

SUMMARY RECORD OF THE 475th MEETING

held at the Palais des Nations, Geneva,
on Thursday, 1 September 1977, at 11.25 a.m.

President: Mr. [illegible] (Hungary)

CONTENTS

First session of the United Nations Conference on Trade and Development (agenda item 4) (continued)

Interdependence of problems of trade, development finance and the international monetary system (agenda item 3) (continued)

Other particular matters in the field of trade and developmen (agenda item 6) (continued)

(c) Progress in the implementation of:

(i) Special measures in favour of the least developed among the developing countries

(ii) Specific action related to the particular needs and problems of island developing countries

(iii) Specific action related to the particular needs and problems of land-locked developing countries

---

This record is subject to correction.

Participants wishing to make corrections should submit them in writing to the Official Records Editing Section, Room E.4108, Palais des Nations, Geneva, within one week of receiving the record in their working language.

Corrections to the records of the meetings of the Board at the first part of the seventeenth session of the Board will be consolidated in a single corrigendum to be issued shortly after the end of that part of the session.

Procedural matters (agenda item 1) (continued):

(c) Adoption of the report on credentials

(d) Provisional agenda for the eighteenth regular session of the Board and organization of the work of the session

Institutional, organizational, administrative and related matters (agenda item 7) (continued)

(b) Announcement of any changes in the membership of the Board and election to membership of the main Committees

(c) Revision of the rules of procedure of the Board and its main Committees

FIFTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (agenda item 4) (TD/B/L.480/Add.1) (continued)

1. The PRESIDENT, recalling that the Board had adopted a draft resolution (TD/B/L.480) in which it recommended that the fifth session of the Conference should be preceded by a meeting of senior officials at Manila, proposed that the Board should adopt the relevant statement of financial implications (TD/B/L.480/Add.1).

2. It was so decided.

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM: (TD/B/665 and Add.1 (Part I) and Corr.1 and Add.1 (Part II), UNCTAD/GE/1015) (agenda item 2) (continued)

3. Mr. PETROS (World Peace Council), speaking at the invitation of the President, said that in the view of his organization there could be no peace without development and no development without peace. That concept served as a basis for the activities of the World Peace Council with regard to problems of development and their solution, particularly in the interest of developing countries.

4. The current world situation, with all its serious difficulties, provided better conditions than those of the cold war period for the solution of economic problems at the local and global levels. Development was an important political issue which concerned everyone, and political détente should be accompanied by military and economic détente.

5. Economic stability faced many obstacles - debts and deficits of developing countries, increasing economic difficulties of all countries, inflation, weapons production, etc. The arms race and arms trade, and the considerable profits made by transnational corporations and the international financing and banking centres which characterized the neo-colonialist strategy resulted in the impoverishment of the third world. Economic stabilization necessitated a fair use and distribution of money, manpower, production, energy, raw materials and commodities. However, statistics showed that more than $500 billion had been spent in 1976 on arms manufacture, while the total aid to third world countries had amounted to only $12 billion. Trading in arms had grown considerably and now included 71 countries, many of them developing nations. An even more serious situation was the growth in the nuclear weapons trade and the spread of nuclear technology.

6. On the other hand, bodies such as UNCTAD were making praiseworthy efforts to narrow the gap between developed and developing countries. The establishment of a new international economic order, the establishment of an integrated programme for commodities and common fund, the principles set forth by UNCTAD, and the Charter of Economic Rights and Duties of States, were all ways and means of achieving that goal. However, the gap was continuing to widen. In that regard, mention should be made of the role of the transnational corporations, which possessed 75 per cent of the urban and rural means of production and more than half of the world's trade in commodities, and had the most advanced technology. The profits achieved today by those corporations in developing countries were about 10 per cent higher than their profits in capitalist countries. Twenty years previously, the per capita GNP in Africa, Asia and Latin America had amounted to 9.5 per cent of the per capita GNP in the industrial capitalist countries. Today, it was only 6 per cent.

7. The World Peace Council had therefore welcomed the decisions taken by the Conference at its fourth session, as well as the many decisions taken by international bodies, the Group of 77 and the non-aligned movement. However, the decisions must be implemented and the decisive role which public opinion could play in supporting the action of Governments must not be underestimated. The World Peace Council was convinced of the adverse effects of the arms race and the arms trade on global development, and had carried out a wide range of activities and hoped to obtain positive results in the future, particularly during its second conference on development, to be held in 1978.

8. Mr. FEVRE (France), speaking on behalf of the Group B countries, thanked the UNCTAD secretariat for the documentation it had submitted, which made it possible to view the situation in the proper perspective and to see the interrelationship of the various questions posed by development in general.

9. Recent economic events had given rise to a considerable number of studies which had reached very different conclusions. It was therefore not surprising that today the interpretations and approaches of various members of Group B differed in one way or another from those of the secretariat. The choice made at the most elementary level - the data to be collected, the base years and the variables to be regarded as constants - had a major influence on the conclusions. At a more theoretical level, while there might be general agreement on the importance of a particular phenomenon, the explanations of such a phenomenon might differ widely.

10. However, the Group B members were in general agreement that the secretariat documents on interdependence were extremely useful for the work of the Board. It was important to bear in mind various forms of interdependence, in particular the close link between the economic growth of the developed countries and that of the developing countries.

11. In its study the secretariat also drew attention to a wide range of special policy issues, many of which would be reviewed by the United Nations General Assembly but of which a large number had already been considered in UNCTAD or other international bodies to which the documents made specific reference. UNCTAD itself had a great responsibility: to carry out an ambitious and comprehensive commodity programme. The multilateral trade negotiations appeared finally to be on the point of taking off; they should help the developing countries to obtain increased market access for their exports. In September, the annual meeting of the World Bank and the International Monetary Fund (IMF) would give very careful consideration to certain questions relating to the transfer of resources and the international monetary system.

12. In addition, during the meeting of the Council of the Organization for Economic Co-operation and Development (OECD) on 23 and 24 June 1977, the Ministers of the Group B member States had issued a communiqué which touched on the main subjects discussed in the secretariat document on interdependence. They had pledged themselves in that communiqué to pursue a policy aimed at sustained economic growth in the OECD area as a whole. They had renewed for a further year their Trade Declaration of 30 May 1974 and had also referred to the issues of balance-of-payments adjustment, inflation and investment. In a "declaration on relations with developing countries" annexed to the communiqué, they had reaffirmed their readiness to pursue actively the on-going dialogue with those countries.

13. Mr. GUNG (New Zealand) endorsed the statement made by the spokesman for Group B but would like to make a few supplementary comments.

14. New Zealand welcomed the Secretary-General's action in bringing to the Board's attention fundamental questions arising from the interdependence of trade and finance issues. It shared the secretariat's concern about the poor outlook for world economic growth, price stability, balance-of-payments adjustment problems, investment stagnation and the risk of further protectionist measures. Moreover, the growth outlook for the OECD area was not optimistic and, to his Government at least, the international payments position seemed precarious.

15. Those problems were of particular concern for non-oil-exporting developing countries and for some of the smaller OECD members, such as New Zealand. Balance-of-payments deficits had so far been excessively concentrated in certain countries. In the case of New Zealand, the cumulative current account deficits for the years 1974 to 1976 had amounted to over $4 billion, probably a higher proportionate burden with regard to external trade than in any other OECD country. Restrictions on New Zealand's export markets, particularly for its primary products, were inhibiting all the efforts made by his country to find a way out of its difficulties.

16. The New Zealand delegation agreed with the statement by the Director of the Division concerned that for many deficit countries the most important factor clouding the medium-term outlook was slack demand in countries with current account surpluses. It was also concerned that some deficit countries might not be able to discount world recession again through external financing in the event of a new down-turn in the world economy.

17. The failure of those countries which were in a comfortable balance-of-payments position to take more active steps than they had taken so far in accepting a decline in their surpluses not only depressed the over-all growth rate and world trade but also increased the risk of trade restraints which all agreed should be avoided.

18. In its communiqué of June 1977, the OECD Council had called for faster economic growth in the OECD area in 1978 than in 1977 and for member countries in a strong external position to provide for substantial expansion of domestic demand compatible with further reduction of inflation. His delegation noted with concern, however, reports of faltering economic growth combined with large balance-of-payments surpluses in some important industrialized countries. It observed, however, that those countries were taking steps to stimulate their economies.

19. The balance-of-payments and development problems of many developing countries and the more vulnerable OECD countries such as New Zealand should lessen if expansionary measures were taken by those countries in the best position to do so, namely all developed countries with substantial external surpluses. The prospects

so far could not be described as very encouraging, and the concern expressed by the secretariat of UNCTAD might prove to be justified. His delegation therefore welcomed the fact that the problem was being more thoroughly examined in bodies such as UNCTAD.

24. Mr. [illegible] (China) noted that since the end of the sixteenth session of the Board, the international situation had continued to develop in a direction favourable to the peoples of all countries: the struggle of the peoples of Asia, Africa and Latin America against imperialism and hegemony was advancing with great force as well as their struggle to change the old international economic order and establish a new order.

25. The third world countries were playing an increasingly important role in international affairs. Economic co-operation among developing countries was expanding, and unity, collaboration and mutual assistance between the third world oil-exporting countries were becoming stronger. Further proofs of that were the Euro-African Summit Conference and the Conference of Heads of State and Government of the Organization of African Unity held earlier in the year.

26. The Declaration and the Programme of Action adopted by the General Assembly set out a series of reasonable provisions for the establishment of a new international economic order which reflected the aspirations of developing countries as a whole. Unfortunately, owing to the obstructions of the super-Powers, a great number of those propositions had not been implemented. One super-Power, in order to maintain its vested interests and privileges, had put forward in the Economic and Social Council a "broad evolving concept" of a new order, in order to prevent the establishment of the new international economic order. The other super-Power, playing its old tune calling for a restructuring of international relations, disarmament, détente and international division of labour, was attempting to channel the new international economic order into the orbit of social imperialism. It demanded that the developing countries should grant it trade conditions no less favourable than those accorded to the developed market-economy countries - a truly imperialist demand.

27. His delegation supported the just and reasonable proposals of the developing countries aimed at alleviating their debt burden, changing the unequal terms of trade and reforming the international monetary system. It considered that the special measures favourable to the least developed countries should be effectively implemented.

28. With regard to the Integrated Programme for Commodities, the progress achieved at the three preparatory sessions and at the Negotiating Conference on the common fund had been sluggish, and his delegation hoped that the resumed Negotiating Conference would remedy that situation.

29. China, following the revolutionary line and the foreign policy laid down by Chairman Mao, would continue to uphold proletarian internationalism; strengthen its unity with the third world, in particular with all of the countries subjected to aggression, subversion, interference and domination by imperialism and social-imperialism, oppose the hegemony of the super-Powers; and strive for the establishment of a new international economic order.

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 6) (continued)

(e) PROGRESS IN THE IMPLEMENTATION OF:

(i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

(ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES

(iii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES (TD/B/AC.21/2 and 3)

26. Mr. LALOVIĆ (Yugoslavia), speaking on behalf of the Group of 77, said with regard to the problems of the least advanced countries that it was regrettable that Conference resolution 98 (IV) and resolutions on the same subject adopted at earlier sessions (24 (II) and 62 (III)) and on other occasions had not been implemented. There was certainly a growing international awareness of those problems, but it had not yet resulted in concrete action. The Group of 77 earnestly hoped that at the two important meetings to be held by the end of the year in accordance with paragraphs 35 and 36 of Conference resolution 98 (IV), decisions would be taken in keeping with the dimensions and urgency of the problems with which they were to deal. Little progress could be expected, however, without a firm will, particularly on the part of developed countries, to apply the decisions taken. It was therefore necessary for the Board, at all its sessions, to review the implementation of decisions adopted on the subject constantly and thoroughly, on the basis of the reports of the Secretary-General of UNCTAD.

27. With regard to the problems of land-locked developing countries, the Group of 77 urged all developed countries and all international organizations and financial institutions to adopt special measures in favour of those countries as called for in Conference resolutions 63 (III) and 98 (IV). It also urged developed countries to make generous contributions to the United Nations Fund for Land-locked Developing Countries so that the Fund could become operational.

28. The Group of 77 attached great importance to special measures to meet the particular needs of island developing countries, and it noted with satisfaction that the UNCTAD secretariat was to convene a group of experts on feeder and inter-island services by air or sea for island developing countries; it hoped that the meeting would be the beginning of a sustained effort by UNCTAD in favour of that category of countries.

29. Mr. EL KHALIL (Sudan) said it was regrettable that the resolutions adopted in favour of the least-advanced countries had remained a dead letter because of the failure of the developed countries to realize the seriousness of the situation, with the result that the backwardness of those countries had only increased.

30. The developing countries had suffered and were still suffering from the 1974-1975 recession; the purchasing power of their exports had fallen while the prices of their imports had risen, thus increasing their trade balance deficit. The danger of a new recession made it all the more necessary to take effective counter-measures in conformity with Conference resolution 98 (IV).

31. Mr. TARZI (Afghanistan) said that no development policy could be realistic unless it took full account of the special problems of the least developed countries. Unfortunately, the resolutions adopted in favour of those countries had still not been implemented for lack of political will.

32. The two funds which the world community had reluctantly decided to establish (the Special Fund for the Least Developed Countries and the Fund for the Land-Locked Developing Countries) had been a failure. The first had expired prematurely and the second had yet to begin operations because contributions to it were voluntary and the necessary political will had not been forthcoming. The usual argument that a proliferation of funds had to be avoided was hardly valid. It had not prevented the establishment of numerous other funds such as the United Nations Revolving Fund for Natural Resources Exploration, the United Nations Fund for Population Activities, the United Nations Volunteers Programme, the World Food Fund, the International Fund for Agricultural Development or the United Nations Environment Programme, when the political will for such establishment existed.

33. Industrialization was one important area in which measures [illegible] by the world community had not been implemented. On the initiative of [illegible] the second General Conference of the United Nations Industrial Development Organization (UNIDO) had adopted a resolution requesting the Industrial Development Board and the Executive Director to establish an operational [illegible] to deal with the specific problems of the least-developed, land-locked and island developing countries, and also to provide [illegible] effective and practical forms of technical and financial aid. [illegible] co-operation with UNIDO, should take the necessary steps for the [illegible] of that important resolution.

33 bis. A question not raised by the spokesmen of the Group of 77 to date but of paramount importance for the land-locked countries was the right of access to and from the sea. At the first session in 1964, the Conference had [illegible] that the right of land-locked countries to free access to the sea was a [illegible] principle for the expansion of international trade and economic development. That right had been reaffirmed in declarations and resolutions adopted at various international meetings and in those adopted by the Council itself at its sixteenth session. His delegation hoped that UNCTAD, which had recognized the essential and imperative nature of the right of access to the sea for land-locked countries, would take the necessary steps to secure the effective implementation of that right.

34. Mr. KHAN (Pakistan) entirely supported the statement made by the Yugoslav representative on behalf of the Group of 77. His delegation was fully aware of the special economic problems arising from the geographical situation of the land-locked countries and would support any economic measures that might be taken to alleviate those difficulties. The legal issue of the right of access to the sea should, however, be considered at the United Nations Conference on the Law of the Sea; it was outside UNCTAD's competence. Pakistan was nevertheless prepared to continue its collaboration with the land-locked countries, including Afghanistan, in a spirit of friendship and on the basis of internationally-recognized principles.

35. Mrs. ASTARI-YAMD (Iran) said that her delegation wholeheartedly endorsed the statement made by the spokesman of the Group of 77. It recognized that the land-locked countries deserved special attention and that all necessary assistance should be given to them; but it considered that the question of right of access to the sea came within the competence of the United Nations Conference on the Law of the Sea, and not that of UNCTAD. While awaiting settlement of the question in the appropriate forum, Iran would do everything possible to facilitate transit across its territory and access to the sea for its neighbour country, Afghanistan.

36. Mr. ATANASSOV (Bulgaria) said that on 30 June 1977 the Council of Ministers of Bulgaria had decided to allow all products from the least developed countries to be imported duty-free. The UNCTAD secretariat had unfortunately been unable to issue the list of countries benefiting from that preferential measure before the Board's session. Bulgaria intended to strengthen its trade relations with the least developed countries in that way, and it hoped that other countries would follow its example.

37. Mr. ZAKI (Afghanistan), replying to the observations made by previous speakers, said that the problem of the right of access to the sea had always been approached from two angles: that of the law of the sea and that of trade and development. Because of the indissoluble link between economic development and trade, and in view of the poor results so far obtained by the Conference on the Law of the Sea, his delegation remained convinced that the problem could and should be considered by UNCTAD as the main organ of the United Nations system for economic and development questions.

38. Mr. BELLAMENTE (Philippines) said that as a representative of an island developing country he supported the statement by the spokesman of the Group of 77. At the fourth session of the Conference, on the occasion of the submission of the Arusha Declaration and Programme of Action, the Philippine Government had offered [illegible] for the provision of technical assistance to the least developed countries. It had then been agreed that consultations should take place between the secretariat and the representative of the Philippines at Geneva on the best means of utilizing the funds. Nothing more had been heard either of the Philippine Government's offer or of the steps that were to have been taken subsequently by the secretariat. He hoped the secretariat would give the Board some information on the subject, possibly in the form of an addendum to a document of the session.

AGENDA ITEM 1 (continued)

(b) ADOPTION OF THE REPORT ON CREDENTIALS (TD/B/674)

39. The PRESIDENT said that, in accordance with rule 17.2 of the Board's rules of procedure, the Bureau had examined the credentials of representatives. In the absence of any objection, he would consider that the Board adopted the report of the Bureau (TD/B/674).

40. It was so decided.

(d) PROVISIONAL AGENDA FOR THE EIGHTEENTH REGULAR SESSION OF THE BOARD AND ORGANIZATION OF THE WORK OF THE SESSION (TD/B/L.478)

41. The PRESIDENT suggested that the Board should adopt the provisional agenda for its eighteenth session (TD/B/L.478) and should authorize the President, in consultation with the Secretary-General of UNCTAD, to adjust it as necessary, on the understanding that a supplementary item on disarmament would be added in accordance with the decision taken by the Board to keep the matter under constant study.

42. It was so decided.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 7) (continued)

(b) ANNOUNCEMENT OF ANY CHANGES IN THE MEMBERSHIP OF THE BOARD AND ELECTION TO MEMBERSHIP OF THE MAIN COMMITTEES (continued)

43. The PRESIDENT said that the secretariat had been notified by Saudi Arabia that it wished to become a member of the Committee on Shipping and the Committee on Economic Co-operation among Developing Countries. The name of Saudi Arabia should therefore be added to the list of members of those committees.

(c) REVISION OF THE RULES OF PROCEDURE OF THE BOARD AND ITS MAIN COMMITTEES

44. The PRESIDENT invited the Board to consider draft decision TD/B/L.481. In the absence of any objection, he would take it that the Board adopted the draft decision.

45. It was so decided.

The meeting rose at 1.05 p.m.